
By: **Delegates McHale, Hammen, Doory, and Krysiak**
Introduced and read first time: March 8, 2004
Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Tobacco Tax - Tobacco Products other than Cigarettes - Revenues for School**
3 **Textbooks**

4 FOR the purpose of altering the tobacco tax rate imposed on certain tobacco products
5 other than cigarettes; providing for the distribution of certain tobacco tax
6 revenues to a special fund to be used only to provide funding for textbooks for
7 certain elementary and secondary schools in the State; providing for the
8 purchase of textbooks for loan to students in certain eligible non-public schools
9 in the State; repealing a certain discount allowed to certain licensed wholesalers
10 on the purchase of tobacco tax stamps; providing for the application of this Act;
11 and generally relating to the tobacco tax and funding for textbooks for certain
12 elementary and secondary schools in the State.

13 BY adding to
14 Article - Tax - General
15 Section 2-1602.1
16 Annotated Code of Maryland
17 (1997 Replacement Volume and 2003 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article - Tax - General
20 Section 2-1603, 12-105, and 12-303
21 Annotated Code of Maryland
22 (1997 Replacement Volume and 2003 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
24 MARYLAND, That the Laws of Maryland read as follows:

25 **Article - Tax - General**

26 2-1602.1.

27 (A) AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2-1601 AND
28 2-1602 OF THIS SUBTITLE, FROM THE REMAINING TOBACCO TAX REVENUE, THE

1 COMPTROLLER SHALL DISTRIBUTE TO A SPECIAL FUND 50% OF THE TOBACCO TAX
2 COLLECTED ON TOBACCO PRODUCTS OTHER THAN CIGARETTES.

3 (B) THE REVENUE IN THE SPECIAL FUND SHALL BE ALLOCATED IN THE
4 STATE BUDGET AS FOLLOWS:

5 (1) ONE-HALF FOR THE PURPOSE OF SUPPLYING TEXTBOOKS TO
6 ELIGIBLE NONPUBLIC SCHOOLS AS PROVIDED UNDER SUBSECTION (C) OF THIS
7 SECTION; AND

8 (2) ONE-HALF FOR THE PURPOSE OF PROVIDING ADDITIONAL STATE
9 AID TO LOCAL PUBLIC SCHOOLS FOR THE PURCHASE OF TEXTBOOKS FOR PUBLIC
10 SCHOOLS THAT RECEIVE FEDERAL FUNDS UNDER TITLE I OF THE ELEMENTARY AND
11 SECONDARY EDUCATION ACT.

12 (C) (1) ONE HALF OF THE REVENUE IN THE SPECIAL FUND SHALL BE USED
13 ONLY FOR THE PURCHASE OF TEXTBOOKS FOR LOAN TO STUDENTS IN ELIGIBLE
14 NONPUBLIC SCHOOLS AS PROVIDED IN THIS SUBSECTION.

15 (2) (I) NO PORTION OF THE AID PROVIDED UNDER THIS SUBSECTION
16 MAY BE USED FOR THE FURTHERANCE OF SECTARIAN RELIGIOUS INSTRUCTION OR
17 IN CONNECTION WITH ANY PROGRAM OR DEPARTMENT OF DIVINITY FOR ANY
18 RELIGIOUS DENOMINATION.

19 (II) ON THE REQUEST OF THE STATE SUPERINTENDENT OF
20 SCHOOLS, AN APPLICANT FOR AID UNDER THIS SUBSECTION SHALL SUBMIT
21 EVIDENCE SATISFACTORY TO THE STATE SUPERINTENDENT THAT NO PART OF THE
22 AID HAS BEEN OR WILL BE USED FOR A PURPOSE PROHIBITED UNDER THIS
23 PARAGRAPH.

24 (3) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
25 PARAGRAPH, THE AID UNDER THIS SUBSECTION TO A PARTICIPATING SCHOOL MAY
26 NOT EXCEED \$60 PER ELIGIBLE NONPUBLIC SCHOOL STUDENT.

27 (II) FOR A SCHOOL WHERE AT LEAST 20% OF THE STUDENTS ARE
28 ELIGIBLE FOR THE FREE OR REDUCED PRICE LUNCH PROGRAM, THE MAXIMUM AID
29 UNDER THIS SECTION IS \$90 PER STUDENT.

30 (4) TO BE ELIGIBLE TO PARTICIPATE IN THE AID PROVIDED UNDER THIS
31 SECTION, A NONPUBLIC SCHOOL SHALL:

32 (I) HOLD A CERTIFICATE OF APPROVAL FROM OR BE REGISTERED
33 WITH THE STATE BOARD OF EDUCATION;

34 (II) NOT CHARGE MORE TUITION TO A PARTICIPATING STUDENT
35 THAN THE STATEWIDE AVERAGE PER PUPIL EXPENDITURE BY THE LOCAL
36 EDUCATION AGENCIES, AS CALCULATED BY THE DEPARTMENT, WITH APPROPRIATE
37 EXCEPTIONS FOR SPECIAL EDUCATION STUDENTS AS DETERMINED BY THE
38 DEPARTMENT; AND

1 (III) COMPLY WITH TITLE VI OF THE CIVIL RIGHTS ACT OF 1964, AS
2 AMENDED.

3 (5) THE STATE DEPARTMENT OF EDUCATION SHALL ESTABLISH A
4 PROCESS TO ENSURE THAT THE LOCAL EDUCATION AGENCIES ARE EFFECTIVELY
5 AND PROMPTLY WORKING WITH THE NONPUBLIC SCHOOLS TO ASSURE THAT THE
6 NONPUBLIC SCHOOLS HAVE APPROPRIATE ACCESS TO FEDERAL FUNDS FOR WHICH
7 THEY ARE ELIGIBLE.

8 (6) NOT MORE THAN 3% OF THE FUNDS AVAILABLE FOR THE PURPOSES
9 OF THIS SUBSECTION MAY BE USED FOR ADMINISTRATIVE EXPENSES.

10 (7) THE STATE DEPARTMENT OF EDUCATION SHALL:

11 (I) ASSURE THAT THE PROCESS FOR TEXTBOOK ACQUISITION
12 USES A LIST OF QUALIFIED TEXTBOOK VENDORS AND QUALIFIED TEXTBOOKS AND
13 USES TEXTBOOKS THAT ARE SECULAR IN CHARACTER AND ACCEPTABLE FOR USE IN
14 ANY PUBLIC ELEMENTARY OR SECONDARY SCHOOL IN MARYLAND; AND

15 (II) RECEIVE REQUISITIONS FOR TEXTBOOKS TO BE PURCHASED
16 FROM THE ELIGIBLE AND PARTICIPATING SCHOOLS AND FORWARD THE APPROVED
17 REQUISITIONS AND PAYMENTS TO THE QUALIFIED TEXTBOOK VENDOR, WHO WILL
18 SEND THE TEXTBOOKS DIRECTLY TO THE ELIGIBLE SCHOOL.

19 (8) EACH ELIGIBLE SCHOOL RECEIVING TEXTBOOKS UNDER THIS
20 SUBSECTION SHALL:

21 (I) REPORT SHIPMENT RECEIPT TO THE DEPARTMENT;

22 (II) PROVIDE ASSURANCE THAT THE SAVINGS ON THE COST OF THE
23 TEXTBOOKS WILL BE DEDICATED TO REDUCING THE COST OF TEXTBOOKS FOR
24 STUDENTS; AND

25 (III) MAINTAIN APPROPRIATE SHIPMENT RECEIPT RECORDS FOR
26 AUDIT PURPOSES.

27 (9) TEXTBOOKS LOANED TO NONPUBLIC SCHOOLS AS PROVIDED IN THIS
28 SECTION SHALL REMAIN THE PROPERTY OF THE STATE.

29 2-1603.

30 After making the distributions required under §§ 2-1601 [and 2-1602]
31 THROUGH 2-1602.1 of this subtitle, the Comptroller shall distribute the remaining
32 tobacco tax revenue to the General Fund of the State.

33 12-105.

34 (a) The tobacco tax rate for cigarettes is:

35 (1) 50 cents for each package of 10 or fewer cigarettes;

1 (2) \$1.00 for each package of at least 11 and not more than 20 cigarettes;

2 (3) 5.0 cents for each cigarette in a package of more than 20 cigarettes;

3 and

4 (4) 5.0 cents for each cigarette in a package of free sample cigarettes.

5 (b) The tobacco tax rate for other tobacco products is [15%] 30% of the
6 wholesale price of the tobacco products.

7 12-303.

8 (a) [(1)] A licensed wholesaler may buy tax stamps, in the manner and at the
9 time that the Comptroller requires by regulation.

10 [(2)] (B) Tax stamps may not be bought from a person other than the
11 Comptroller unless the buyer:

12 [(i)] (1) has written permission from the Comptroller to do so; or

13 [(ii)] (2) is acting in accordance with the regulations of the Comptroller
14 for stamping floor stock.

15 [(b)] The Comptroller shall allow a licensed wholesaler a discount of 0.82% of
16 the purchase price of tax stamps.]

17 SECTION 2. AND BE IT FURTHER ENACTED, That the tobacco tax rate
18 increase imposed on tobacco products other than cigarettes by this Act shall be
19 applicable to all other tobacco products that are sold by a wholesaler to a retailer in
20 the State on or after July 1, 2004.

21 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 July 1, 2004.